Information Security in Government Contracts
Cybersecurity in Government Contracting – New Standards

• New Global Standard
  – FAR 52.204-21, Basic Safeguarding of Covered Contractor Information Systems
  – Applicable to all federal contractors

• New Military Contract Standard
  – DFARS 252.204-7012, Safeguarding Covered Defense Information and Cyber Incident Reporting
  – Applicable to all defense contractors
Cybersecurity in Government Contracting—Common Concepts

- Key Concepts in FAR/DFARS Clauses:
  - “Information”
  - “Information System”
  - “Covered Information”
  - “Covered Contractor Information System”
- Technical Definitions Differ, but Core Concepts are Similar
Cybersecurity in Government Contracting
– The FAR Clause (FAR 52.204-21)

• Basic Safeguarding Standards for (Almost) All Contractors
  – Includes 15 performance-based security safeguards that contractors must implement to protect their covered information systems.
  – “Common Sense” Safeguards
    ▪ Limiting System Access
    ▪ Sanitizing/Destoying Media
    ▪ Limiting Physical Access
    ▪ Escorting Visitors
    ▪ Monitoring, Controlling Communications

• FAR Clause Does Not Override Specific Security Requirements

• Flowdown Requirement – Subcontractors!
Cybersecurity in Government Contracting – The DFARS Clause (DFARS 252.204-7012)

- Detailed Safeguarding Standards for Military Contractors
  - Contractors must provide "adequate security," which includes implementation of NIST SP 800-171
  - Contractors must report cyber incidents to the government
  - System Security Plan must be prepared
- National Institute of Standards and Technology (NIST) SP 800-171
  - 100+ Performance Based Metrics
    - Limiting System Access
    - Training organizational personnel
    - Maintaining system audit records
    - Performing regular risk assessments
- Deadline for Compliance: December 31, 2017
Cybersecurity in Government Contracting – Practical Considerations and Conclusion

- Compliance Risk Is Higher
  - Higher Profile
  - Increased Investigations
    - Investigations in First Instance
    - Investigations Increased Scope
- Self-Assessments Are Key
- Consider Variance Requests
- Take Incident Reporting Seriously
Supply Chain Developments in Government Contracting
Introduction

- Federal Government Has Placed Increasing Emphasis on Information Security in Recent Years
  - FAR 52.204-21
  - DFARS 252.204-7012
- Emphasis Shifting from Network Security to Supply Chain Risks
  - DFARS 252.246-7007 (Counterfeit Electronic Parts)
  - Supplier Blacklists
Russia & China

- Kaspersky Lab
  - Interim Rule Published on June 15, 2018
- Huawei, ZTE
  - Rulemaking Pending
“Do Not Buy” List

- Internal List Developed by Department of Defense to Identify Compromised Vendors
- First Reported in Summer 2018; No Current Plans to Make Public
Questions?

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